



Kaibab Industries, Inc.

"dedicated to excellence"

January 7, 1999

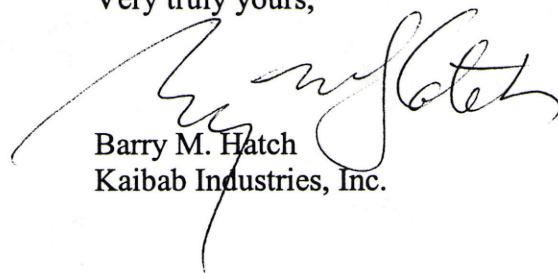
D. Wayne Hedberg
Permit Supervisor
Mineral Reclamation Program
State of Utah
Department of Natural Resources Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

Re: *Annual Report*
Mine No. S170031 and S170038

Dear Mr. Hedberg:

Enclosed please find the above mentioned reports. If you have any questions, feel free to contact me at 602-952-6960.

Very truly yours,



Barry M. Hatch
Kaibab Industries, Inc.

BMH:mf